



Marion County Assessor

Greg Bowes

July 23, 2009

Mr. Timothy J. Rushenberg, Commissioner
Indiana Department of Local Government Finance
200 N Senate Ave Ste N1058(B)
Indianapolis, IN 46204

RE: 2008 (payable in 2009) Annual Adjustment Process for Marion County, IN

Dear Commissioner Rushenberg:

This letter is to serve as our narrative explanation for the Annual Adjustment process for the 2008 (payable in 2009) assessments in Marion County. The following steps and procedures were taken to revise the 2008 assessed values for Marion County.

Township Assessor Consolidation

In November 2008, the voters in Marion County overwhelmingly supported a public question on the ballot asking whether to transfer assessment responsibilities from township assessors to the County Assessor. Since then, the Marion County Assessor has completely restructured the assessment process into functional areas. Assessment staff dealing with commercial and industrial properties were grouped together and allowed to process assessments according to their specific skill sets. Some of the staff was assigned to apartment properties while others were assigned to industrial properties, and one was assigned to concentrate on vacant land. Marion County was divided into four separate geographic districts for purposes of residential assessments. A separate division was assigned to handle business personal property assessments. These functional divisions allowed the staff to share and improve expertise in the given area.

Processing of 2006 Assessments under Appeal

Marion County received nearly 22,000 appeals of the 2006 (payable in 2007) assessments. Although the number was just over 6% of the total number of parcels, it was unusually large compared to prior years. We have processed just over 25% of those appeals to date. In the process of resolving those appeals, we were able to identify pockets of problems, and take steps to adjust them, not just for the parcels appealed, but for other parcels with the same circumstances.

Field Work

After consolidation, it was learned that several of the townships had been behind on following up on construction permits for purposes of measuring new construction. Some of the missed field work was

many years old. Field crews were assigned to catch up on all field work relating to the 2008 assessments. In addition to missing permit work we identified parcels showing less than 100% complete that needed to be changed to reflect 100% completion for 2008 and prior years. Field crews additionally assisted in the processing of the backlog of 2006 appeals, and that work is reflected in the 2008 assessments.

Review and Validation of 2006 and 2007 Sales Databases

Although the sales files were approved by the DLGF, the annual adjustment process revealed a common data entry and conversion problem in the 2007 file that transposed the decimal point of a sales price by one or two digits. To remedy that problem, over 16,000 of the 2007 sales disclosure forms were reviewed individually to be certain the correct sales prices were used in the sales data file.

Hundreds of sales involving a bank or the Sheriff were extracted from the list to be used. Sales showing a sales value of zero were removed from consideration. Duplicate sales were reviewed and sales occurring most near the January 1, 2006, valuation date were used or another appropriate choice was made on which sale to use. Questionable sales were checked against the Broker Listing Cooperative (BLC), formerly the Multiple Listing Service (MLS), maintained by the Metropolitan Indianapolis Board of Realtors (MIBOR). We found many instances where the sale of an unimproved lot was contemporaneous with the sale of an adjacent lot that had an improvement, and therefore did not represent the value of vacant land. In addition, we found a number of sales categorized as vacant land where further review revealed an improvement.

With the DLGF's implementation of an electronic submission tool for sales disclosure forms, and with a Marion County ordinance that requires its use, we expect to be able to have more accurate sales disclosure data in future years.

Re-delineation of Neighborhood Boundaries

Over 700 neighborhoods were identified that had only one parcel. Those parcels were assigned to appropriate existing neighborhoods. Some neighborhoods were shown to need additional stratification as a result of the processing of the appeals for 2006. New neighborhoods were created to reflect this needed change.

Review of Land Values

It was determined that a number of sales disclosures involved multiple parcels where an improved parcel was adjacent to a vacant parcel, both of which were owned by the same person. The vacant parcels were removed from consideration in the unimproved residential classes. In other situations, adjacent vacant parcels sold by the same owner may have been classified as a mixture of residential and commercial. Those parcels were more correctly classified.

A past practice in Marion County existed where a vacant residential land value would be reduced by the anticipated cost of installing utility connections to the parcel. This practice was abandoned and the values were adjusted, because the sales price of those parcels would normally include anticipation of that cost.

We identified a number of residential parcels that had an adjustment for a developer's discount where the parcel no longer qualified. We removed the discount on those parcels.

The ratios in certain neighborhoods showed a need for revision of the land base rate. The adjustments were made as needed.

Calculation of New Neighborhood Factors

Pursuant to 50 IAC 21-5-1, preliminary ratio studies were conducted for neighborhoods in all property classes using validated sales from calendar years 2006 and 2007.

In cases where these preliminary ratio studies revealed the median level of assessment for residential property in a neighborhood fell outside the range of 90% to 110%, and/or the coefficient of dispersion was above the level mandated by 50 IAC 21-5-1, and/or the price-related differential fell outside the range of .98 to 1.03, we re-calculated the trending factors originally used.

This re-calculation process involved the following sub-steps:

- 1) Re-review and re-validate all sales in the database
- 2) Calculate a neighborhood factor as outlined on page 9, Appendix B, 2002 Real Property Assessment Guideline (Guideline).
- 3) Apply the revised neighborhood factor to the depreciated costs from the Guideline to arrive at a March 1, 2008 improvement value.
- 4) Add to the factored improvement value the revised value of the land.
- 5) Run a final assessment-to-sales ratio study to check accuracy and equity.

Where a review of a parcel's physical characteristics was warranted, aerial photography, Pictometry, or MIBOR listing information was reviewed to be certain physical data was correct. The timing of new construction or renovation was identified and adjusted for the assessment and valuation dates. When necessary, additional field inspection was conducted. The above steps were repeated until the final ratio study demonstrated we had complied with the accuracy and equity standards required by 50 IAC 21.

The ratio studies and the Marion County workbook have been made available to you on an FTP site. We will let you know the Login and password by separate letter.

I hope these results meet with your approval. If there are any problems, or if you have any questions about our process, please let me know.

Sincerely,



Greg Bowes
Marion County Assessor